PRESS ROUNDTABLE
QUESTIONS AND AND ANSWERS
WITH AMBASSADOR ROBERT B. ZOELLICK

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PORT OF SPAIN, TRINIDAD AND TOBAGO
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4:30 PM

Zoellick: As I mentioned, I started the day at Chaguaramas which was a very nice event. It was a memorial service for September 11, and it gave me an opportunity to say to the people of Trinidad and Tobago, but also I hope to others in the Caribbean, "thank you" for the support and sympathy they have shown the United States. And in the process it also emphasized some of the broader interconnections which, at least I believe, trade is about.

As I mentioned in my remarks there, and as I mentioned to the ministers, sadly the war against terrorism will be a long one. And while I do not believe that poverty is the source of terrorism, because that would insult a large number of poor people around the world, and indeed, the facts would suggest that most of the terrorists come from better off families, but there is no doubt that in parts of the world, fragmentation and the struggle with poverty create fertile fields for terrorists. So within about ten days after September 11 last year, I wrote an opinion piece in the *Washington Post* where I was starting to make the case that, just as after WWII and the Cold War one had to combine ideas about economic strategies with security strategies - so one must do so today. So in that sense it's a nice fit to come down to the Caribbean and talk about questions of trade and development.

I really had five things that I wanted to emphasize. The first was to listen from my colleagues and learn from them. I have worked with a number of these ministers over the course of the past year and a half. I met a number of them first in the run-up to the FTAA Ministerial in Buenos Aires, and got a very strong sense about the interest and the importance of capacity-building for them in terms of being able to take part in trade, but also in the issues of special and differential treatment. So the best way is obviously to get a chance to hear from them directly because despite all the efforts in various meetings of staffs sometimes there is a lot of misinformation.

I also had some other purposes. I find it useful when I come to places to not only meet the government officials but to meet some outside the government. So after this session I'll meet some in the business community. I also just came back from a place called the Cotton Tree Foundation which is a very impressive site. A former member of parliament decided to build a community center and work with the community center to try and help disadvantaged people with pre-school efforts and training for various things like putting

together flowers, and helping in computers, and different aspects of helping them take part in the larger aspect of change in the society.

Second, I want to emphasize the importance of the U.S. /Caricom relationship. This represents about $9.2 billion of bilateral trade; many people may not recognize the significance of it. In the case of Trinidad and Tobago it's actually about $3.5 billion, and the United States has about $2 billion of foreign direct investment here.

As many of you know, we have something called the Caribbean-Basin Trade Partnership Act that came out of the original CBI, the Caribbean Basin Initiative, which is like some of the European programs, in terms of trying to offer zero tariffs for a series of goods. About 70 percent of the Caribbean's goods now come to the United States duty free, so that's already the base. And where we have sensitive areas like apparel, this recent trade act that we got passed that focused primarily on our negotiating authority also added some additional preferential trade to the Caribbean as well as for the Andean and other countries.

Third, I wanted to discuss with them the FTAA discussions - and this is particularly important because we will be going to a ministerial in Equador on November 1 in Quito - and we exchanged views about some of the milestones we want to try to put forward here. Which I am happy to discuss with you further and give you the list of topics. And then we did the same for Doha, where I worked with a number of these ministers on the run-up to Doha, and now the question is keeping it on track for 2005. Again, the way we try to do these is, you look at milestones to move you through some obligations by the end of the year, and then the next ministerial in Cancun, in Mexico, probably in September of next year.

Then the final topic which is one that cuts across all of these, is trade capacity-building. The brochure you have gives you some of the information about the United States' efforts in the region. The United States has increased its capacity-building for Caricom from about $15 million to about $20 million and it gives you an idea of some of the programs we have.

We have some of the people here from AID and I was delighted they joined us because, frankly, for a developing country like Trinidad and Tobago, our trade strategy really works best if it's linked to our development and our aid strategy. We have gotten some great support from AID in this process. I also had Robert come down with us from Inter-American Development Bank. With Robert and with Enrique Iglesias, the president, we have worked very hard to try to connect development strategies of multi-lateral lending with trade. It's a particular pleasure with President Iglesias, he had been the Trade Minister of Uruguay, in fact, at the time the Uruguay Round was launched.

One of the bigger pictures that I will be talking about probably more in the United States, and I've talked about this with some journalists in Washington actually this week, is the interconnection of trade with development strategies. I could go on at greater length, but that's one of the topics I wanted to talk about here.

So, in a sense, what it follows through is the strategy that I've been trying to pursue over the course of the past year-and-a-half which is trade negotiations bilaterally, regionally, globally. And what you do to try to create the foundation for that; whether it be capacity-building or frankly, try to have a sense of making sure you understand the particular problems for the particular countries or regions.

So, go ahead.

Question: I have a question which relates to trade in services. For the last seven or eight years at least, the U.S. has been part of an international group which has lobbied for an end to telecommunications monopolies in the region. And it's assisted a World Bank process which had been very successful in the OACS countries. There is only a couple of telecoms monopolies left in the Caribbean, one is here in Trinidad, the other is in Guyana. Now, I'm a bit puzzled to read that the U.S. is blocking an IDB loan of $18.5 million for telecom development to Guyana because it's supposed to an end to telecoms monopoly there.

Zoellick: Because it's what?

Journalist: It seems the incumbent monopoly in Guyana which is ATN, which is a U.S. Virgin Islands firm, is taking exception to the Guyanes government's attempt to liberalize telecommunications and my information is that they have successfully asked the U.S. representative on the IDB to block an IDB telecoms loan to Guyana.

Zoellick: Are they privatized? At this point I'm not sure, I want to make sure what it is we have done wrong. Are we blocking privatization or are we pushing privatization?

Journalist: The loan was telecom-linked, it was not specifically for privatization, it was for development of telecoms and internet infrastructure within Guyana and for the development of industries such as telemarketing. ATN asked for the loan to be blocked and the U.S. representative blocked it in Washington. There is a court case going on in the States at the moment and it appears that this will not only block the telecoms loan, it will block all further IDB assistance to Guyana, which given the state of the Guyanese economy, which is pretty dire, is a fairly serious matter.

Zoellick: Peter, do you anything about this?

Allgeier: No, I'm making a note now.

Zoellick: It's news to us. But the one thing that is useful again, I mean, I'm not questioning your facts, but you may want to check whether it's an allegation or whether it's fact because we have somebody here from the IDB and I've never heard about it o.k. - which doesn't mean that it hasn't happened. We will go back and check. So I'm afraid I can't give you much specifics on it. But I will make this point, a couple points, on telecommunications:

I do believe that telecommunications and financial services are in many respects a force multiplier of liberalization. In other words, if you move those forward it helps open up reform and liberalization and other aspects because a good competetive telecommunications system is often important for being able to have businesses to be able to operate, certainly to have e-commerce. The same with financial services, these are backbone networks and infrastructures. So, the only time that those subjects even came up was when I talked with the Prime Minister where, after we talked about energy, I asked him about his own development plans, and I asked him about the service sector and he was very keen on moving forward the service sector. We did not talk about privatization, but because he saw it as a key to his development strategy.

Within the United States, we have to contend with actually different interests on this because we have some people who want access to telecommunications systems in a way that they would be able to, in a sense, to access the current infrastructure and backbone to be able to provide the services. Then we have other companies, like Horizon, that actually have the backbone in the United States and they don't want to set a precedent because it's a debate within United States to say, you know, you have to provide cost-based services in all these areas. So we have that debate within the United States, as well.

As I've told the U.S. providers, as well as I have told people overseas, I have an open mind and am flexible about how one tries to achieve this because the issue for a guy who has already put in all the costs is: will they be able to get the return on their fundamental investment for a capital intensive system? So I would be surprised, to be honest, if the situation you mentioned is exactly true but I've been surprised before, so it's possible.

The only other thing I can tell you is that the Guyanese Minister is here and no one mentioned it to him, you are the only person who raised the topic.

Journalist: With regard to the fund being talked about by the Eastern Caribbean countries to offset their duties ---- were there any detailed discussions on that matter?

Zeollick: No, there was a mention of the fund but let me put it in context. I stressed that one of the cornerstones of what I hope will be the product coming out of the Quito ministerial for the FTAA is the HCP, the Hemisphere Cooperation Program. And I said to them that I appreciate and recognize some of their problems and for us to be able to make the trade negotiations move forward successfully, we need to get a good launch of this program. That's one of the reasons that Robert was kind enough to come down because he explained that the IDB has a long list of things they have been doing to try to make this work.

I emphasized three elements that I saw of the HCP program. One, is to help people with the negotiations because many of these countries don't have the trained staff to be able to take part; and it's pretty hard to negotiate if you don't have that. We try to help them. Bilaterally for example, there was a meeting on government procurement in the FTA recently and we helped pay some of the travel expenses for people to be able to come. But I also emphasized that capacity-building has to go way beyond just helping people negotiate. You also have to help people with implementation. So take an area like sanitary and phytosanitary standards which is increasingly important in agriculture trade. You need to be able to have the trained people to implement those systems, the same as with intellectual property.

The third one, this gets close to your point - it's not true for all countries but it is true for some - that I think, in some cases, about 50 percent of their revenue still comes from tariffs, which by the way, was true for the United States until about 1900. Now, what I have emphasized to them is trying to work with them and frankly, I hope with IDB and others, on structural aspects. That is not necessarily meaning that we can pay their tax bills but, for example, considering moving to other tax-based systems as many of the countries here have; for example to some value-added tax system that people have. At least to work with them to look at different options.

So, in terms of funds, other than sort of a reference to the general fund, the topic came up more in terms of our bilateral programs and in terms of things that the IDB may do. I did make one other broader reference and this reflects just my own thinking and obviously it involves the countries involved and the World Bank and the IDB and others, but if you look at trade as a connection to reform and openness and rule of law and developing property rights and other aspects of the development system, there is no doubt that at some point it also involves questions of reforming other sectors of the economy.

And whether it be telecommunications or -this is on my mind because I've been working on it - in the case of Morocco, they want to reform their overall agriculture sector. Sometimes then that can lead to structural adjustment loans to help people make those reforms as well. And one of the ministers from the Eastern Caribbean mentioned that as a possibility about how they need to

try to look at the trade agenda as with a larger development agenda and that undoubtedly means structural reforms and sometimes that means other bank loans. That's not my direct job but the sort of thing where I think if we can get people to ask those questions that's a useful exercise.

Journalist: What about the rates concerning agricultural products. Was that discussed today?

Zoellick: This was a good example of the type of work I think we can do together on special and differential treatment. And without trying to sort of lose you in details, depends how much you are familiar with the way the trade system works but, in brief, countries that belong to the WTO bind the tariffs so they need to say well we won't make our tariff any higher than say 20 percent, so that's called the bound tariff. Their applied tariff may be only 10 percent, that means the tariff they are actually applying.

In the WTO negotiations what you do is, you negotiate from a bound tariff , you are agreeing to lower that 20 percent. But the problem is that is doesn't really lower the bound tariffs that are in place. One of the things that we were trying to do in the Free Trade Area of the Americas was to be more trade liberalizing, which was to negotiate from an applied tariffs as opposed to bound tariffs. And most of the countries were agreeing to do that but the Caricom were resisting.

And so at the most recent, what they call trade negotiating committee meeting of the vice ministers, there was, I think, a tentative understanding which would then be confirmed by the ministers in Quito to say that for the Caricom countries that for certain sensitive products, some of them would be agriculture, that they would be able to negotiate from the bound tariff as opposed to the applied tariff. And so this is one of the things that we talked about I think at the press conference, that our Chairman, Minister Knight from Jamaica made a reference to. So it's both answers are specific case but it's also a good example of the bigger questions of the type of things we are trying to work with. Let me give you one other iteration that gives you a sense of how we work with the Caricom.

As I told the ministers, on a number of these areas I personally understand some of their anxieties about how quickly open these markets given their size and other problems. I frankly am not pressing them overly hard. I think over time if we are going to create a free trade agreement we want to move to zero but I am certainly willing to work with them on the timing and method of how we do that. The challenge however, is we have to make sure that if we create exceptions for Caricom that the exceptions don't eat up the rule for the other 34 countries.

And so in this sense, you see, the problem is less with the United States and Caricom and more with some of the middle income countries, OK, and what

quite frankly I was pleased at the last meeting of the FTAA Vice Ministers of the TNC, there was an understanding that they can try to do this and create a special exception for the Caricom. But as I said to them, one of the reasons that we need sessions like this is so that we can try to work together and understand the need, we can often meet their need but we need to work with others.

Let me give you another example. In addition to the question of from what you cut the tariff, there is the question how quickly you cut the tariff. The United States has proposed differential rates, in other words we said that we are willing to cut ours more quickly than we expect some of the others to do. Not all countries have done that. And so in that case the United States can work with the Caricom countries to try to work with others in the process. So to make trade negotiations work, we have to try to create an overall liberalization in the hemisphere, that's what free trade agreement is about. But there are many roads to Rome and so we can be creative and customize as long as we try to keep the momentum going forward and try to capture some of the big economies.

And again, it's your guys job to always try to unearth the areas where countries are not open as much as they should and you often write about the United States and that's fine that's your job. But if you look around in terms of the overall openness of many of the countries, take Brazil, we are relatively open and the question is for me to be able to push forward in those tough areas that I still have to push forward to open up, I have to get some other people to open up. And then the question is how do you do that in a way that also makes it a little easier on some of those smaller poor countries like Caricom.

Journalist: And on that question while you have expressed the American willingness to appreciate and understand the position of the small Caricom territories, what of your partners of the region like Canada, Brazil and Mexico, do they have a significant say in these matters?

Zoellick: Indeed they will, and I learned that the Canadians, even though they are proudly pro-development, have not taken the same flexibility on tariff reductions that we have. And I plan to raise that with the Canadian Minister who I will talk to next week when I go up to Quebec City. The way these things go, he may not even be fully aware of that. I mean it may be driven by an idea of let's try and reduce tariffs as quickly as we can. Canada is willing to cut its tariffs so get everybody to cut tariffs. I suspect, personally when I explain to him, look we can bring along the Caricom countries more if we are a little more flexible, then he'd be willing to go along. Where the other Latin American countries are, that's why we have to work together and that's another good reason for me to meet the Caricom countries because negotiations are not just, you know, one on one on one, it's building coalitions.

Journalist: What other areas of resistance did any of the Caricom Ministers express to you?

Zoellick:The greatest interest is in trying to understand the capacity-building area and I think frankly, I mean, you need to ask them. I think they were pleased with the message we sent and how people we had from our AID Mission in Jamaica and Mr. Francos, with his regional responsibilities, the fact that they were all coming down trying to help, I think sends a good message. And then what I tried to do is also take it through and describe specific areas.

Let me give you another example in the WTO context. We've helped sponsor special ongoing training programs at two universities in Africa, one in Morocco and one in Kenya, and it's been our proposal, we ought to do a third one here in the Caribbean, and putting the Caribbean as an ongoing training development area. So we talked about a series of specific things like that.

Then on special differential treatment, the real challenge is getting beyond the kind of the buzz words and the slogans and trying to work through specific problems and whether they be in a FTAA context or WTO context. We have talked about some of the ones in the FTAA context. I mentioned I think it was to your question earlier today, in the WTO context, the Caricom countries have asked for an extension that would enable them to continue to use export subsidies in limited circumstances.

This was agreed in the Uruguay round to end all those; there were some extensions, the Caricom countries want it extended further. And what I said to them was, fine, we'll try to agree, we will agree that they extend those. But there are other countries that this involves. Colombia wants to do the same thing and, frankly, this is an issue that happened to Doha is that again we were happy to let Colombia extend too but you start to get competition among different developing countries and for those of you who are writing about this for a longer term, one of the challenges here will be how you deal with different stages of development. Not surprisingly, Singapore still likes to consider itself a developing country even though its per capita income probably exceeds many European countries.

So that's part of the challenge and one of the reasons that I frankly was particularly interested in spending more time talking to the Caricom industries is that the problems here are not just ones of being of having lower income: on top of that you have problems of being small, and on top of that you have the problems of being an island, and on top of that you have the problems of being an island in areas and this happens elsewhere in world too, that are susceptible to storms and natural calamities. And so what I have tried to express to them over the course of time is to say, at least to a degree, that I can, I am certainly willing to listen to reasoned argument, and it strikes me that if you have got a small, poor island country subject to natural disasters,

that your margin of error for some of these things is less, you may need some more flexibility. And so if there's a way you could carve that out for somebody while trying to help them move along the overall system, well then that would be reasonable for me to do.

What I need to try to do is to understand. What are the particular ones? Because on the other hand, you don't want, sometimes people will bring you a problem and I'll have a solution but the solution may cause problems for others and so maybe you can craft a different solution. And that's why this exchange is important and I forgot to mention this. At the start of the meeting Minister Knight of Jamaica said that he thought this was excellent that we were meeting like this, delighted that we could do so, and he said that I hope that we can keep this process going because he would consider that to be a success of the meeting. So when we closed I said, look I would be pleased to not only have my Deputy Peter Allgeier, who was down in the region actually in July, set up other meetings at other levels, I said, but I would be happy to host a meeting with the Caricom Ministers in Washington. And I would be happy to come back down and I even suggested frankly - I don't think he mentioned this - but I said we ought to try to make sure that we have another ministerial-level meeting before we have the WTO Ministerial in Cancun in September of next year so we can again check on where we are going and that also becomes kind of an action forcing device. I said that it would be nicer if we could do it in the winter but I'm willing to come at any time.

Journalist: indecipherable question

Zoellick: Well, first off I don't use words like "gung-ho", I use words like "keen". That way I'm more understood by English speakers, from England, who understand words like "keen". Second, you're right it's not my area; but third, my understanding is that there seems to be a meeting of the minds on the approach which seems to focus on the transparency of the system and the sharing of information in the system. Without - and this is the point that Secretary O'neal mentioned last year - without trying to bind the countries into one tax system, or affect the fundamentals of their tax policy.

I always thought - and I didn't have a chance to discuss this with my colleagues - I always thought that would be appreciated in the Caribbean because a number of them have set up tax systems so that they are more attractive for various people operating overseas and it's one of the ways in which some of the countries that want to have a financial services operation have done so. Obviously, we don't favor tax evasion. But you get at that with transparency and information systems. But you don't want to let that slip over into saying, "you have to have this type of tax system or you have to have that type of tax system."

Unfortunately, I'm struggling with something called the foreign sales corporation case where somebody said they don't like our tax system and we're going to have to change it. So I'm sympathetic.

One other thought I had on your question: And I'll share this with you because I think this was an idea that resonated with some of my colleagues. I'm trying to make the following point: Caribbean access to the United States, as I said before, is about 70 percent duty-free and I'm sympathetic to some of their challenges in terms of opening markets. I believe it's good for them and the world and the region and others that they open markets over time. They need to do it in a reasonable fashion. One might say, why are you pressing these countries to take part in these negotiations? they have a difficult adjustment process. Why not just leave them alone and use preferential trade agreements?

One of the things I tried to convey to them was to say, look this to me is really an issue of trying to help Caricom be more prosperous in the future; because if we didn't engage you on these issues, the fact is that the regional economy and the world economy would move on. And we've seen how much it changes in five or ten years, and that could leave the Caricom countries behind. In other words, let's imagine if we had a Free Trade Area of the Americas without the Caricom countries. But that would not be, in my view, in their long-term interest. So the challenge is: how do we work with them and deal with special problems of capacity-building, special and differential treatment so they can be part of the train, or whatever metaphor you want to use going forward, but they can be part of it in a way that they can manage.

And that's the challenge because, again, just to give you all a sense, since you operate out of the Caribbean, of what my life is like. I have no shortage of countries coming to Washington, particularly after Trade Promotion Authority, wanting free trade agreements; I don't have to go out and hunt. But part of the reason that I wanted to come to the Caribbean is that it's important for the United States and the region, as well as the Caricom countries, that we help them fit into the process of globalization and trade liberalization and that we help them figure out how trade liberalization can be connected to their economic reform and growth programs, and that we help them figure out how trade liberalization fits with their plans for development. And that again brings us back to why I was delighted to have some of the people join us from AID, the IDB and others.

The way I look at this strategically is not just as a traditional trade negotiation or trade negotiator. It's not mercantilist in that we are trying to lower your barriers and resist lowering ours. This is part of a strategy to help countries that want to embrace the changes in the global economy successfully to pursue development and openness. And if you like analogies, again, when I was at the military museum, it reminded me, because I visited the region many times over the past 14, 15 years, this was a region that was a crossroads of history. You can't visit anything here without having a sense of what has transpired here in terms of many of the different developments, some good and some not so good.

And so it's important, if we can, that we keep trying to integrate the Caribbean economies in the system. And one of the interesting developments that I wanted to learn more about is how is Caricom proceeding with it's own integration. I'm a little bit interested in history. So on the way down here I was reading a book that was talking about some of the efforts to federate between 58 and 62. And I was trying to ask some of the ministers at lunch, tell me a little bit more about what was different then and now. What are the politics and the economics for federation or

confederation in the region and thing like that.

And we had a very interesting conversation drawing some analogies to the European experience, what fits, what doesn't fit. And I was trying to ask about how the University of the West Indies fits into this and the students, what's the attitude of younger people. So, you have an integration process taking place within the Carribean. But obviously, everybody knows that process has to take place withing a larger process that's taking place within the hemisphere and the globe.

So this is where there is a strong mutuality of interest. It certainly doesn't serve the interest Caricom countries, or my country if the Caribbean is an area where people are in poverty, and it's an area ripe for narcotics trafficking or other political instability. And so goodness sakes, that's one of the reasons the Caribbean Basin Act was first passed.

So just to give you a kind of, when I look at these issues, because I've had a bit of a broader background on different things, I don't look at these just as trade negotiations. We have to deal with all these knotty issues that you mentioned, but part of this is where does it fit with a development strategy, foreign policy strategy, economic strategy.

Journalist: indecipherable question

Zoellick: They won their case. Here, let me explain. First off, for Trinidad, as well as for all developing countries, when we created the steel safeguard, we excluded developing countries. Trinidad would be the only country that supplies to us, is not covered at all by that safeguard.

What you are referring to is the application of antidumping and countervailing duty laws. This shows how, contrary to everybody's belief, our system does work fairly well. Our antidumping and countervailing duty laws allow private parties to bring actions, and they require findings by the International Trade Commission and the Department of Commerce, on whether there is dumping or subsidy and on whether there is injury.

And in a recent finding with a Trinidad steel company, I think they found there wasn't an injury. So, I think the countervailing duty suit was out. There may be still be an antidumping suit. Do I have this mixed-up? No, the countervailing duty suit, actually, Commerce found no subsidy, and then in the antidumping, the question is whether there will be the finding of an injury because of that. It's still sort of outstanding.

Now, a couple of points on this without going too long. These unfair trade laws exist for a reason. There's an understanding about trying to deal with subsidies or dumping and other practices. They also exist, as I've explained to my colleagues, because if you're a relatively open economy as the United States is, with relatively low tariff levels, these are kind of the last devices for these industries that are going through turmoil. But to come back to your point about other ways that we can work with these countries with special needs. What I also said to them in the WTO context is, they may also want to develop unfair trade laws and it may be hard to develop the sort of system that we have if you're just one country. So one of the things we're willing to explore is if there can be mutual authorities to look at developing unfair trade laws.

Now, the other logic of that, as I've explained to my Congress, is that while I do think it's appropriate to have such laws to deal with such practices and try to get reforms, they also have to be recognizing that those laws exist around the world and they can also be used against American exporters. In other words, we suffer a lot from antidumping and countervailing duty suits around the world. And so maybe as different countries develop these systems we can also try to make sure that at least they work fairly and transparently, and we can get findings like we did where they say: look, there are no subsidies so don't hit them, or if there is no injury.

Many of you depending on how much you watch this, there is a big question recently, our ITC made a ruling recently dealing with cold-rolled steel to say that there was no injury, because of the other tariffs. So I know everyone thinks the system is gamed but it actually isn't. They are trying to use a professional analysis on these issues.

Sorry for the long-winded answer, but look, coming back to Trinidad as a steel producer. Part of this is what's going to happen in the global steel industry. And we are separately in fact this week trying to go on about some of the questions about how one deals with some of these practices globally and rationalize the overall production. And here, to give you an example, since the end of the Soviet Union in 1991, in the states of the former Soviet Union, there hasn't been one steel plant that closed down. And there are plenty of subsidized plants. They are being subsidized with the energy they have. So, you've got a problem in the international steel markets for a lot of reasons. In part because you had some countries seeing this as some national champion; in part because of the things in the former Soviet Union, the various subsidies; and this market is going to have to get further rationalized. It's still a very fragmented market with over capacity.

And one of the things that you're going to see happen with our safeguards is that you're going to see that starting to happen in the United States. This safeguard gives people time to actually restructure the industry and some of them will get merged and consolidate.

I'm sorry, I'm going on too long.

Journalist: indecipherable question

Zoellick: On one, one of the other areas where demonstrated some flexibility and we hope others will be is some additional time for the Caricom countries to even submit the information. For example, we were talking about that obscure topic of base rates for tariffs. The Caricom countries said they needed more time to submit the information and so we said fine take more time. We don't want to wait forever, people should know what their tariffs are. But so in that sense we certainly can try to build in various flexibility.

As for your, I think it's your second question; look, the goal of a free trade area, and that's what we want to try to create, is to eventually have tariffs to zero. But what we certainly understand is that, for these countries in particular, that may involve a very long phase-out. Now in the case of NAFTA, some of them were ten years and some were even 15 years. So that's the reality and certainly countries like these are more likely to have sensitive products and industries that have

to have that taken care of. But is it our goal to try to move towards free trade? Yes. And at the end of the day, the other side of the story is that we've seen some very small economies around the world, some without much natural resources do very well in the international trading system.

Journalis: [Is U.S. policy in general linked to security efforts and efforts to fight terrorism?]

Zoellick: Well, I've never hidden from the start that I think that trade is about more than the economic efficiency, it's about values. So in part it's related to security in terms of helping openness and rule of law. So it depends again, on how you define security. Some people feel the Doha got a shot in the arm because of our efforts after September 11 to show that the world could come together on this area at the time when the economy was slowing down.

Let me give you another example, I've done a lot of work with Indonesia and I was the first senior official of any government to visit President Megawatti right after she took office. I then worked with George Yeo, my counterpart in Singapore where we are negotiating a free trade agreement to do a special integrated sourcing arrangement for information technology to bring in the Indonesian industry. Here is the largest Muslim country in the world, a fragile democracy.

So I can give you many examples of being interconnected. Morocco. We're doing a free trade agreement with Morocco. It will be our second with an Arab Muslim country. It's trying to emphasize a country that's stressed reform and tolerance. And so just to give you a little example, I sent up a letter in August to Members of Congress talking about our plans with Morocco. Of course it wasn't news in the United States, it was front page news in Morocco.

Well at a time when you've got troubles in the middle east and perhaps a war in the gulf and things like that, that's a good signal to show these countries. So, I would say that frankly, at one level, trade has been linked to security for years, but the key is how you do it. Some people always simplistically say: it's a trade off, for the security interests you give up the trade interests. I don't see it that way, I see them as being mutually supportive and the question is how can you creatively try to do that.

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